

Translation

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**Summary of Consolidated Financial Results
for the Year Ended December 31, 2021
(Based on Japanese GAAP)**

February 14, 2022

Company name: Unite and Grow Inc.
 Stock exchange listing: Tokyo
 Stock code: 4486 URL <http://www.ug-inc.net/>
 Representative: President and CEO Kiichiro Suda
 Director and General Manager of Administration Division Mieko Oka TEL 03(5577)2091
 Inquiries: Administration Division
 Scheduled date of ordinary general meeting of shareholders: March 29, 2022
 Scheduled date to file Securities Report: March 29, 2022
 Scheduled date to commence dividend payments: March 30, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2021	2,075	19.8	289	33.5	294	35.7	198	24.5
Year ended December 31, 2020	1,732	6.7	216	5.5	216	13.4	159	18.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2021	53.87	50.14	15.4	15.2	13.9
Year ended December 31, 2020	43.79	40.40	14.3	9.6	12.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	2,109	1,379	65.4	371.11
As of December 31, 2020	1,770	1,189	67.2	326.13

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2021	432	(66)	(18)	1,734
Year ended December 31, 2020	235	(38)	(24)	1,386

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2020	–	0.00	–	6.00	6.00	21	13.7	1.8
Year ended December 31, 2021	–	0.00	–	12.00	12.00	44	22.3	3.4
Year ending December 31, 2022 (Forecast)	–	0.00	–	14.00	14.00		23.5	

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,368	14.1	307	6.3	307	4.5	224	13.1	60.34

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2021	3,717,200 shares	As of December 31, 2020	3,648,200 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	26 shares	As of December 31, 2020	26 shares
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Average number of shares during the period

Year ended December 31, 2021	3,681,944 shares	Year ended December 31, 2020	3,637,448 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	1,566,522	1,914,942
Accounts receivable - trade	13,598	14,472
Supplies	–	561
Other	17,966	16,692
Total current assets	1,598,087	1,946,669
Non-current assets		
Property, plant and equipment		
Buildings, net	74,520	69,577
Other, net	19,361	16,986
Total property, plant and equipment	93,881	86,564
Intangible assets		
Software	19,040	11,689
Other	0	–
Total intangible assets	19,040	11,689
Investments and other assets		
Deferred tax assets	8,889	13,715
Other	50,828	50,828
Total investments and other assets	59,718	64,543
Total non-current assets	172,640	162,797
Total assets	1,770,727	2,109,467

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	7,920	7,935
Current portion of long-term borrowings	7,316	–
Accounts payable - other	131,017	129,042
Income taxes payable	42,718	79,169
Advances received	303,426	404,308
Other	67,260	89,046
Total current liabilities	559,659	709,503
Non-current liabilities		
Asset retirement obligations	12,205	12,237
Other	9,081	8,246
Total non-current liabilities	21,287	20,483
Total liabilities	580,946	729,986
Net assets		
Shareholders' equity		
Share capital	305,037	311,662
Capital surplus	284,182	290,807
Retained earnings	600,616	777,065
Treasury shares	(55)	(55)
Total shareholders' equity	1,189,780	1,379,480
Total net assets	1,189,780	1,379,480
Total liabilities and net assets	1,770,727	2,109,467

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	1,732,506	2,075,338
Cost of sales	927,574	1,061,144
Gross profit	804,932	1,014,193
Selling, general and administrative expenses	588,201	724,755
Operating profit	216,731	289,438
Non-operating income		
Interest income	22	17
Penalty income	–	5,000
Subsidy income	381	–
Other	12	45
Total non-operating income	417	5,062
Non-operating expenses		
Interest expenses	266	160
Share issuance costs	12	50
Other	1	0
Total non-operating expenses	280	210
Ordinary profit	216,868	294,289
Extraordinary income		
Gain on forgiveness of debts	–	3,060
Total extraordinary income	–	3,060
Extraordinary losses		
Loss on retirement of non-current assets	–	8,447
Total extraordinary losses	–	8,447
Profit before income taxes	216,868	288,902
Income taxes - current	57,217	95,390
Income taxes - deferred	378	(4,825)
Total income taxes	57,596	90,564
Profit	159,271	198,338
Profit attributable to owners of parent	159,271	198,338

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	159,271	198,338
Comprehensive income	159,271	198,338
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	159,271	198,338

Consolidated statements of changes in equity

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	304,177	283,322	455,868	–	1,043,368	1,043,368
Changes during period						
Issuance of new shares	860	860			1,720	1,720
Dividends of surplus			(14,524)		(14,524)	(14,524)
Profit attributable to owners of parent			159,271		159,271	159,271
Purchase of treasury shares				(55)	(55)	(55)
Total changes during period	860	860	144,747	(55)	146,412	146,412
Balance at end of period	305,037	284,182	600,616	(55)	1,189,780	1,189,780

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	305,037	284,182	600,616	(55)	1,189,780	1,189,780
Changes during period						
Issuance of new shares	6,625	6,625			13,250	13,250
Dividends of surplus			(21,889)		(21,889)	(21,889)
Profit attributable to owners of parent			198,338		198,338	198,338
Total changes during period	6,625	6,625	176,449	–	189,699	189,699
Balance at end of period	311,662	290,807	777,065	(55)	1,379,480	1,379,480

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	216,868	288,902
Depreciation	19,126	19,554
Amortization of goodwill	4,429	–
Interest income	(22)	(17)
Interest expenses	266	160
Loss on retirement of intangible assets	–	8,447
Gain on forgiveness of debt	–	(3,060)
Decrease (increase) in trade receivables	1,340	(874)
Decrease (increase) in inventories	6,838	(561)
Decrease (increase) in other current assets	3,649	(2,688)
Increase (decrease) in trade payables	376	15
Increase (decrease) in accounts payable - other	(21,042)	60,551
Increase (decrease) in advances received	45,049	100,882
Increase (decrease) in other current liabilities	14,376	19,467
Other, net	16	31
Subtotal	291,273	490,811
Interest received	22	17
Interest paid	(262)	(157)
Income taxes paid	(55,487)	(57,919)
Net cash provided by (used in) operating activities	235,545	432,750
Cash flows from investing activities		
Payments into time deposits	(180,042)	(330,054)
Proceeds from withdrawal of time deposits	180,031	330,050
Purchase of property, plant and equipment	(586)	(52,357)
Purchase of intangible assets	(9,649)	(13,893)
Other, net	(28,152)	–
Net cash provided by (used in) investing activities	(38,398)	(66,254)
Cash flows from financing activities		
Repayments of long-term borrowings	(11,004)	(7,316)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,720	13,250
Purchase of treasury shares	(55)	–
Dividends paid	(14,524)	(21,889)
Other, net	(859)	(2,124)
Net cash provided by (used in) financing activities	(24,723)	(18,079)
Net increase (decrease) in cash and cash equivalents	172,423	348,417
Cash and cash equivalents at beginning of period	1,214,057	1,386,480
Cash and cash equivalents at end of period	1,386,480	1,734,897